

11 March 1985

NOTE FOR: DCI

Re: Item for Your Schedule, 3 June

OGI is going to be holding a conference on "Economic and Security Implications on Structural Change" on 3-4 June. The attached describes the purpose and sets forth the agenda (including individuals they are contacting as participants; they will also be inviting others, in government and out, to attend).

As of today, Leo Cherne has accepted the invitation to present the keynote address for the first day.

Items for DCI decision:

-- Will you agree to give the (10-minute) welcoming remarks on 3 June?

yes _____ no

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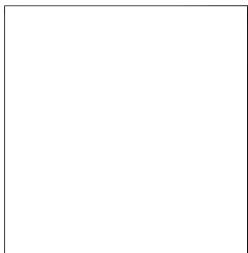
-- Will you agree to sign letters to conference participants and any senior administration officials invited to attend?

yes _____ no

(If yes, OGI will send up the first letter to Leo Cherne; after that, if you agree, subsequent letters formalizing the invitation can be done via the autopen.)



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CONFERENCE PROGRAM

Economic and Security Implications of Structural Change

Wash. Hilton ~~Hyatt Arlington Hotel, Rosslyn, Virginia~~

June 3-4, 1985

9 a.m.

1. CONFERENCE OBJECTIVE

The main purpose of this conference will be (a) to increase understanding among senior U.S. Government officials responsible for economic and security policy about the nature and implications of structural change; and (b) to bring some coherence to an extremely broad issue that has tended to mean different things to different observers. Following shortly after the Bonn Economic Summit, at which structural change will be a central issue, the conference is expected to result in a range of questions that can and should be addressed by intelligence analysis in the years to come.

2. DEFINITION OF THE ISSUE

To focus and facilitate meaningful discussion, it is hoped that a single definition of "structural change" can consistently be used for the conference. In this connection, structural change (as distinguished from cyclical change, secular change, or historical change) may be envisaged as the transformation over time of the relative importance of components of a national economy. It has resulted in most countries principally from technological advance. Major structural changes can involve shifts in the relative importance of economic sectors (agriculture, manufacturing, services) as well as particular industries (smokestack, high-tech, etc.); shifts between regions of large national economies; and changes in the composition of imports and exports. All of these have far-reaching political, social, military and diplomatic implications. Expansion in an economy as a whole is not included in this definition, however, nor are temporary shifts in the relationships among its components as a result of cyclical developments.

3. SIGNIFICANCE OF THE ISSUE

The issue of structural change is important for national security because it encompasses some of the underlying forces shaping current economic and political developments, to which policy directly or indirectly responds.

The central thesis is that structural change almost inevitably has differential effects on different countries (and on regions within

countries, as well as regions composed of several countries). Some nations will therefore fare better than others as they undergo structural change. The intelligence community has a responsibility to provide information and analysis to support policies ensuring the US position in the former category -- or at a minimum to anticipate and assess the possible consequences of being in the latter.

4. CONFERENCE AGENDA

DAY I. TECHNOLOGY AND STRUCTURAL CHANGE

Moderator: DI/OGI

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8:30 - 9:00 Coffee and pastries

9:00 - 9:10 Welcoming remarks
William J. Casey
Director of Central Intelligence

9:10 - 9:30 Keynote for Day I
"Defining the Problem: The Inevitability of Structural Change"
Leo Cherne
President's Foreign Intelligence Advisory Board

9:30 - 9:50 Underlying Forces: Determinants of Structural Change
Overview: C. Fred Bergsten
Director, Institute for International Economics

9:50 - 10:10 Structural Change and International Competitiveness
Overview: Rimmer DeVries
Senior Economist, Morgan Bank

10:10 - 10:30 Break

10:30 - 11:15 Panel discussion:
William Branson, Princeton University
J. David Richardson, University of Wisconsin
Roy Moor, First Chicago Bank

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11:15 - 12:00 Open discussion (all conference participants)

12:00 - 1:00 Lunch (Speaker: Bruce Nussbaum, author of
The World After Oil)

1:30 - 1:50 Structural Change, Adjustment and Protectionism:
The Coming Trade Wars?
Overview: Robert E. Baldwin
University of Wisconsin

1:50 - 2:35 Panel discussion:
Raymond Vernon, Harvard University *Jack Bluff*
Robert Hormats, Goldman Sachs
Howard Rosen, Institute for International Economics

2:35 - 3:05 Open discussion

3:05 - 3:25 Break

3:25 - 3:45 Implications of Structural Change for Third World
Economies: Winners and Losers
Overview: Lawrence B. Krause
Brookings Institution

3:45 - 4:30 Panel discussion:
Kent Calder, Princeton University
Guy Erb, Overseas Development Council
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4:30 - 5:00 Open discussion

5:00 - 6:30 Cocktails

DAY II. GEOPOLITICAL IMPLICATIONS OF STRUCTURAL CHANGE

Moderator: [] DI/OGI

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8:30 - 9:00 Coffee and pastries

9:00 - 9:20 Keynote for Day II
"Assessing Structural Change from the Standpoint
of Intelligence Analysis"
Richard N. Cooper
Harvard University

9:20 - 9:40 Implications of Structural Change for the
Western Alliance
Overview: Robert Gilpin
Princeton University

9:40 - 10:25 Panel discussion:
William Diebold, Council on Foreign Relations
Henry Owen, Consultants International Group
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10:25 - 10:45 Break

10:45 - 11:30 Open discussion

11:45 - 12:45 Lunch (Speaker: James Fallows, author of
"The Changing American Economic Landscape")

1:00 - 1:20 Structural Change and East-West Relations
Overview: Joseph S. Nye, Jr.
Harvard University

1:20 - 2:00 Panel discussion:
Kenneth N. Waltz, University of California, Berkeley
Franklyn D. Holzman, Tufts University
[redacted] DI/SOVA

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2:00 - 2:30 Open discussion

2:30 - 2:50 Break

2:50 - 3:10 Structural Change and National Security:
Implications for Strategic Vulnerability and
Dependence
Overview: Richard DeLauer
formerly Under Secretary of Defense for Research and
Engineering

3:10 - 3:55 Panel discussion:
Stephen Krasner, Stanford University
Klaus Knorr, Princeton University
[redacted] DI/OGI

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3:55 - 4:20 Open discussion

4:20 - 4:30 Concluding remarks
Robert M. Gates
Deputy Director for Intelligence